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TAGS: [EAID](#) [ECON](#) [EFIN](#) [PREL](#) [ET](#)
SUBJECT: ETHIOPIA: ENCOURAGING CENTRAL GOVERNMENT BUDGET
TRANSPARENCY DEMARCHE - CONTINUED

REF: STATE 98111

1. (SBU) P/ECouns and EconOff delivered reftel demarche to Ministry of Foreign Affairs Acting Director General for Europe and the Americas Tesfaye Yilma on October 8 and Minister of Finance and Economic Development State Minister Mekonnen Manyazewal on October 13, emphasizing USG concern with the complete lack of transparency regarding the books of Ethiopia's many state-owned and ruling party-owned businesses. Yilma stated that he did not envision a problem with this issue; however, upon further clarification did not elaborate whether that meant he thought the U.S. would continue to give Ethiopia a waiver or whether Ethiopia would make progress on making its budget more transparent. Yilma did express concerns about revealing sensitive proprietary information of certain state-owned enterprises such as Ethiopian Airlines, but opined that some solution could be identified.

2. (SBU) Manyazewal unapologetically defended Ethiopian practices, volunteering that even he, in preparing Ethiopia's budget, does not have access to those books but expressing full confidence that the boards of directors of those companies accurately report profits and losses as the basis for payment of taxes and dividends. He argued that the USG should reconsider its evident insistence that transparency is the best policy in all business contexts and remember that the U.S., in its pre-privatization period, itself did not insist on full transparency. He pointed out that Ethiopia meets international standards for accountability and transparency in the private sector. P/ECouns agreed that Ethiopia's recent transparency efforts in the private sector were impressive, but reiterated our concern about lack of transparency for state-owned and ruling party-owned enterprises. Manyazewal agreed to consider reftel nonpaper and to report any reaction. As of October 20, he had not contacted us.

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